

# **News from Ed Markey**

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## **GAO REPORT SLAMS NRC OVERSIGHT OF NUCLEAR REACTOR DECOMMISSIONING EFFORTS**

### **Government Investigation Finds Inadequacies in Nuclear Regulatory Commission's Handling of Nuclear Reactor Decommissioning**

**WASHINGTON, D.C. --**

Representative Edward J. Markey (D-MA) today released a General Accounting Office (GAO) report prepared at his request on whether the Nuclear Regulatory Commission (NRC) is ensuring the availability of decommissioning funding during utility restructuring. In the report, the GAO concluded that the NRC's reviews were "not always rigorous enough to ensure that decommissioning funds would be adequate." In addition, the report revealed that NRC has failed to adequately verify whether the prospective new reactor owners' were financially qualified to safely own and operate the plants. The NRC's cleanup standards and procedures, as well as its proposed new decommissioning methods were also questioned by the report.

"Deregulation of electricity markets has lead to many mergers and ownership transfers in the nuclear industry with the potential for the plants' decommissioning funds to be lost in the shuffle," Rep. Markey said. "The NRC must ensure that even in a deregulated market the nuclear industry has enough money to clean up the radioactive mess a decommissioned reactor leaves behind. The taxpayers should not be expected to assume these costs."

In many States, deregulation of the electric utility industry means that nuclear plant owners in these states might no longer be assured they will be able to amass decommissioning funds through charges imbedded in regulated electricity rates. This is because deregulation has led to a number of transfers and sales of nuclear power plants from rate-regulated utilities to unregulated generations companies. Such power generators usually will be able to charge only what the market is willing to pay for the electricity produced by their plants - which may or may not cover decommissioning costs.. One of the NRC's regulatory roles is to ensure that the new licensees are financially qualified to operate, maintain and eventually decommission these plants, and mechanisms are put into place to ensure that these companies set aside enough funding to pay for the costs of decommissioning and dismantling the plants once they reach the end of their useful life.

The GAO report concludes that:

- The NRC has failed to properly review some significant transfers and mergers in the nuclear power industry. The NRC approved the transfer of ownership of 25 plants without verifying that the new owners would have guaranteed access to the decommissioning charges that their affiliated utilities would collect.

- In New Jersey, the NRC allowed Public Service Electric and Gas Company (PSEG) to continue collecting decommissioning funds for 5 plants even though the funds had been transferred to PSEG Nuclear without a copy of a contractual agreement that guaranteed periodic deposits to the new owner's decommissioning funds.

- The merger that created Exelon involved the transfer of 20 nuclear power plants in Illinois, New Jersey and Pennsylvania, but NRC did not ensure that there were guaranteed additional sources of revenue beyond the market sale of Exelon's electricity for decommissioning funds, as other new owners had been required to do.. The GAO also determined that the "NRC did not document its review of the financial information - including revenue projections, which were inaccurate - that the new owner submitted to justify its qualifications to safely own and operate 16 plants."

- The NRC's radiation protection standards are inconsistent with the Environmental Protection Agency's (EPA) standards for the remediation of Superfund sites. Because of a longstanding disagreement between the two agencies, some individual States are beginning to set their own more rigorous standards, which would considerably increase the cost of decommissioning. NRC has not taken such additional costs into account while evaluating the adequacy of decommissioning funds, even though licensees may be forced to expend significant sums to comply with EPA or state requirements.

- NRC requires that reactor site characterization take place at least 2 years before the requested termination date of the license and beginning of the decommissioning process. When the survey is left until this late stage, unexpected contamination may be discovered that would require more money to cleanup than remains in the decommissioning fund and institutional knowledge is lost as employees are let go or take other jobs.

- The NRC has proposed alternative decommissioning methods that involve leaving more radioactive waste on site. These would decrease off-site waste disposal costs but increase long-term costs because of the necessity of maintaining institutional control measures to prevent public access for 100 to 300 years. Both the EPA and the National Academy of Sciences have expressed grave doubts about the reliability of long-term institutional controls due to the political and fiscal limits of a state or local government's police power, and the NRC's proposal may conflict with and undermine the national policy set forth in the Low-Level Radioactive Waste Policy Act of 1980, as amended, which provided for regional disposal of low-level waste by the states using regional waste compacts.

Based on its findings, the GAO made the following recommendations:

- The NRC should "revised the Commission's standard review plan and related managment controls for reviewing license transfers to include a checklist or step-by-step process for its staff, management, and prospective plant owners to follow."

- The NRC should consider how its proposed modifications to the radiological criteria for terminating licenses and its proposed alternative decommissioning approaches address: 1) whether the burial of radioactive waste at a large number of contaminated sites around the country is inconsistent with and undermines the requirements of the Low-Level Radioactive Waste Policy Act that such waste be managed on a regional basis; and 2) may be not be technically compatible with the Act, the interstate compacts that implement it, and NRC's regulations on licensing low-level waste disposal facilities.

Rep. Markey concluded, "The NRC's current practice is a recipe for sticking the American taxpayers with a future bill for clean-ups that the nuclear industry should be paying for themselves. The NRC needs to revise its procedures in response to GAO's recommendations, so that we can be assured that power plant operators are setting aside the monies needed to cover the costs of cleaning up these plants after they've been shut down."

Copies of the GAO report can be obtained at Rep. Markey's web site (<http://www.house.gov/markey/>).

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